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WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Annual Financial Report

*Year Ended December 31, 2004
Reissued July 18, 2005*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-27-05

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

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RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◊ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT

Washington Parish Government
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Parish, Louisiana, as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the Parish's primary government as listed in the table of contents. These financial statements are the responsibility of the Washington Parish, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements referred to above include only the primary government of the Washington Parish, Louisiana, which consists of all funds, organizations, institution, agencies, departments, and offices that comprise the Parish's legal entity. The financial statements do not include financial data for the Parish's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial date of the Parish's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Washington Parish, Louisiana, as of December 31, 2004, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of Washington Parish, Louisiana, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2005 on my consideration of the Washington Parish Government's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

As described in Note 1, the Parish has implemented a new financial reporting model, as required by the provisions of GASB No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, as of December 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 52 through 55, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Washington Parish Government's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountant

Bogalusa, Louisiana
June 24, 2005

Reissued to reflect note number 26 to
the financial statements.
July 18, 2005

REQUIRED SUPPLEMENTAL
INFORMATION (PART I)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Washington Parish Government's annual financial report presents our discussion and analysis of the Parish Government's financial performance during the fiscal year that ended on December 31, 2004.

FINANCIAL HIGHLIGHTS

The financial report has been prepared for the first time under the new Governmental Accounting Standards Board (GASB) Statement No. 34 requirements. Because of this, the discussion and analysis of prior year comparison financial data is not included for this year but will be included in next year's report.

Due to the limited resources of Washington Parish major projects were limited to the road program. The Parish contracted out road capital projects at a cost of \$5,875,350. This was the third year of the parish wide construction program.

The Parish also purchased new equipment in the amount of \$551,147. The equipment purchased were tractors, trucks and an asphalt zipper.

The Washington Parish employees were given a 2% increase in pay.

The Parish had a rate increase of 4% in Parochial Retirement and also a rate increase in hospitalization and dental insurance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts—*management's discussion and analysis* (this section), the *basic financial statements*, *required supplemental information*, an optional section that presents *combining statements* for nonmajor funds, and *other reports*. The basic financial statements include two kinds of statements that present different views of the Parish Government:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Parish Government's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Parish Government, reporting the Parish Government's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tells how *general government* services like general government were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer short and long-term financial information about the activities the government operates like businesses, such as the revolving loan fund.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of *required supplemental information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section of supplemental information with combining statements that provide details about our nonmajor governmental funds.

Government-wide Statements

The government-wide statements report information about the Parish Government as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Parish Government's *net assets* and how they have changed. Net assets—the difference between the Parish Government's assets and liabilities—is one way to measure the Parish Government's financial health, or *position*.

- Over time, increases or decreases in the Parish Government's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Parish Government you need to consider additional nonfinancial factors such as changes in the Parish Government's property tax base and the condition of the Parish Government's equipment.

Fund Financial Statements

The fund financial statements provide more detailed information about the Parish Government's most significant *funds*—not the Parish Government as a whole. Funds are accounting devices that the Parish Government uses to keep track of specific sources of funding and spending for particular purposes.

The Parish Government has two kinds of funds:

- *Governmental funds*—Most of the services provided by the parish are covered under these governmental type funds. The services provided include funding of the court system, the parish jail, the Clerk of Courts office, the Registrar of Voters office and also the Coroners office which are required by law. These funds also reflect all parish operations both

legislative and administrative as well as all road projects both as routine maintenance projects and also capital projects. These funds provide a detailed breakdown of both revenue and expenditures as well as restricted and non-restricted fund balances.

- *Enterprise funds*— Washington Parish has two enterprise funds both of them being revolving loan funds. One enterprise fund was funded by the United States Department of Agriculture while the other was funded by the State of Louisiana, Governors Office of Rural Development. The purpose of these funds was to assist individual in the parish with an additional source of funding for restricted business projects with the hope of aiding economical development in Washington Parish. These funds reflect money loaned out to individuals and the remaining balances on the loans and also any money available for loans.

FINANCIAL ANALYSIS OF THE PARISH GOVERNMENT AS A WHOLE

Net assets.

A condensed statement of net assets is presented below in Table A-1.

Table A-1

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 20,279,281	\$ 114,175	\$ 20,393,456
Capital assets	31,442,999		31,442,999
Total assets	51,722,280	114,175	51,836,455
Current liabilities	901,737		901,737
Non-current liabilities	21,070,679		21,070,679
Total liabilities	21,972,416	—	21,972,416
Net assets			
Invested in capital assets, net of related debt	10,462,999		10,462,999
Restricted:			
Capital Projects	11,319,736		11,319,736
Debt Service	968,898		968,898
Unrestricted	6,998,231	114,175	7,112,406
Total net assets	\$ 29,749,864	\$ 114,175	\$ 29,864,039

Changes in net assets.

A condensed statement of changes in net assets is presented below in Table A-2.

Table A-2

	<u>Governmental Activities 2004</u>	<u>Business-Type Activities 2004</u>	<u>Total 2004</u>
REVENUES			
Program revenues:			
Charges for services	\$ 545,069	\$ 2,453	\$ 547,522
Operating Grants & Contributions	896,660	15,000	911,660
Capital Grants & Contributions	802,412		802,412
General revenues:			
Property taxes	2,709,896		2,709,896
Sales taxes	3,228,721		3,228,721
Other taxes	696,364		696,364
Other	157,733		157,733
Total Revenues	9,036,855	17,453	9,054,308
EXPENSES			
General government	1,900,415		1,900,415
Public Safety	672,905		672,905
Highway & streets	3,384,872		3,384,872
Health & welfare	883,631		883,631
Culture & recreation	695,971		695,971
Sanitation	541,001		541,001
Interest on long term debt	781,315		781,315
Total expenses	8,860,110	—	8,860,110
Excess	176,745	17,453	194,198
Net assets - beginning	29,573,119	96,722	29,669,841
Net assets -ending	\$ 29,749,864	\$ 114,175	\$ 29,864,039

The cost of each of Washington Parish Governments five largest programs -(1.) General government includes the funding of the legislative and administrative office of the parish government along with the funding of the following state mandated expenses :the court system (Judges, the District Attorney, jurors and witnesses), the Clerk of Court, the Coroner, (2) Highways and streets include both routine maintenance and capital projects for roads, drainage, bridges and road related equipment. (3) Public Safety includes the state mandated expenses for the Sheriff along with those pertaining to the parish jail and state mandated expense for the Constables and Justice of the Peace. (4) Health and welfare included the funding of the administrative and operational expense of both the Health Unit in Bogalusa and the facility in Franklinton. (5) Culture and recreation is limited to the administrative and operational expenses of both main branches and all smaller branches (located in various areas of the parish) of the Library.

Figures A-1 and A-2 are pie chart presentations of the relative percentages of revenues and expenses.

Figure A-1
Washington Parish Government
Sources of Revenue for Fiscal Year 2004

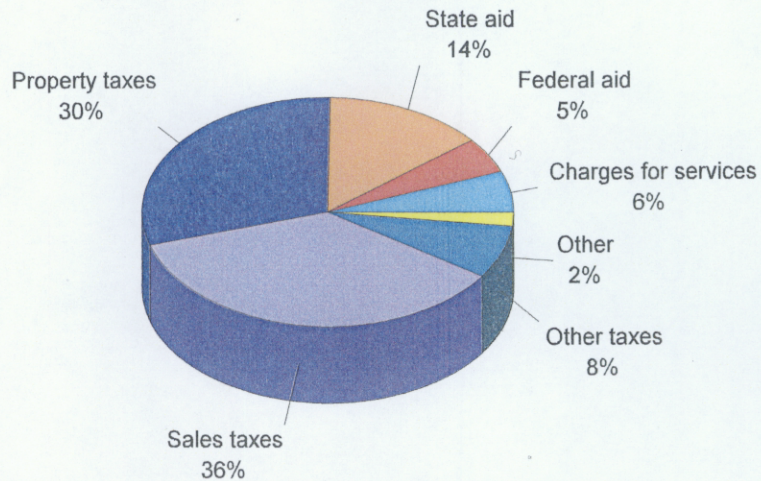
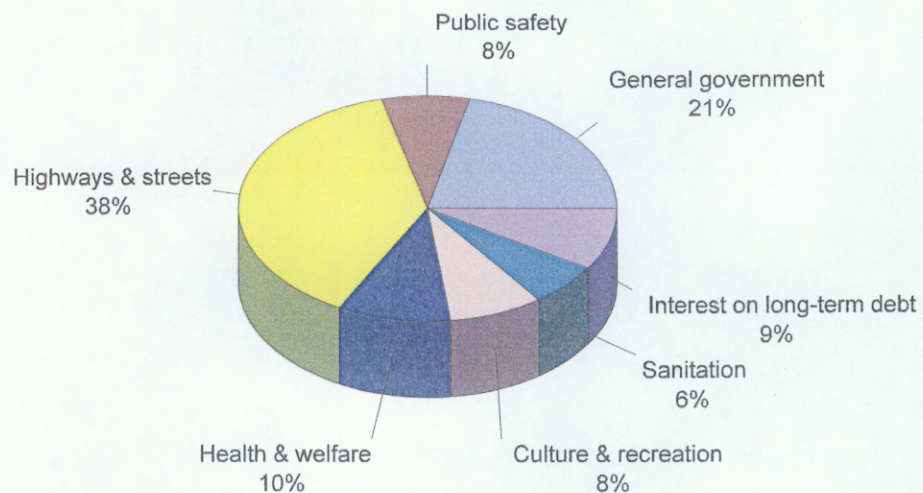


Figure A-2
Washington Parish Government
Functional Expenses for Fiscal Year 2004



FINANCIAL ANALYSIS OF THE WASHINGTON PARISH GOVERNMENT'S FUNDS

As the Washington Parish Government completed the year of 2004, the governmental funds reported a combined fund balance of \$18,973,840 million with the major funds combined fund balance being \$14,739,512 and the other governmental funds combined fund balance being \$4,389,675. The following table represent the total fund balance by fund and also the percentage of combined fund balance by fund.

Table A-3
Washington Parish Government Fund Balances

<u>Fund Name</u>	<u>Fund Balance</u>	<u>Percentage of Total</u>
General Fund	\$ 1,565,874	8%
Parish Transportation	793,900	4%
Sales Tax Split	234,623	1%
Road Improvement	11,319,736	60%
Debt Service - PTF	825,379	4%
Courthouse Maintenance	116,196	7%
Health Unit Maintenance	2,101,002	11%
Criminal Court	(166,080)	(8)%
Library	322,223	2%
Special Witness	9,610	1%
Sales Tax Split 1%	1,707,858	9%
General Obligation Bonds	143,519	1%
Total	<u><u>\$ 18,973,840</u></u>	<u><u>100%</u></u>

Fund Budgetary Highlights

The Washington Parish Government amended its budget twice in the year of 2004. Budget amendment number one was adopted in August 2004 which adjusted expenditures for the year to reflect projected actual. The final budget adjustment was in December of 2004 which adjusted fund balances to actual, increased ad valorem tax, licenses and permits to allow for projected increase and also decreased revenue sharing, fees and charges and other to show projected decrease in these revenue sources. Expenditures were adjusted to project actual. There were increased expenditures in judicial to allow for the increase in jurors and witness fees and also additional expense in court expense (evaluations ordered by the court), public safety was increased to reflect additional cost for feeding prisoners and repairs to the facility.

Capital outlay was decreased to reflect projected actual.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, Washington Parish Government has invested \$6,969,910 in a broad range of assets land, equipment, books, asphalt roads, 3-shot roads, bridges and culverts.

Table A-4
Washington Parish Government's Capital Assets

	<u>2003</u>	<u>2004</u>
Capital assets not being depreciated:		
Land	\$ 2,029,015	\$ 2,099,163
Total capital assets not being depreciated	<u>2,029,015</u>	<u>2,099,163</u>
Other Capital assets:		
Buildings	6,218,856	6,218,856
Equipment	2,372,875	3,152,761
Books	1,338,059	1,360,884
Asphalt roads	8,576,595	14,289,437
3-shot roads	2,443,999	2,566,254
Bridges and culverts	14,032,060	14,294,014
Total other capital assets	<u>34,982,444</u>	<u>41,882,206</u>
Total capital assets	<u>\$ 37,011,459</u>	<u>\$ 43,981,369</u>

There was an increase in assets in the amount of \$7,000,494 for the year ended December 31, 2004, of this amount \$4,950,642 was asphalt roads.

The Washington Parish Government is projecting to continue on to its next phase of the road improvement program in the later part of the year of 2005.

Long Term Debt

At year end the Washington Parish Government had \$20,980,000 in bonds outstanding which was a decrease of 9% over last year as shown in table A-5. More information about the Washington Parish Government's long term liabilities is provided in Notes 15, 16 and 17 to the financial statements.

Table A-5
Washington Parish Government's Bonds Payable

	<u>Balance 12-31-03</u>	<u>Balance 12-31-04</u>
Limited tax certificates of indebtedness, Series 2002	\$ 5,600,000	\$ 5,050,000
Certificate of Indebtedness, Series 2002	2,195,000	1,990,000
Road Improvement Revenue Bonds, Series 2003	<u>15,000,000</u>	<u>13,940,000</u>
Total	<u>\$ 22,795,000</u>	<u>\$ 20,980,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All funds of the Washington Parish Government's were budgeted based on the revenues and expenditures of 2004 with the exceptions of a 2% pay increase for all employees and also and increase in hospitalization and dental insurance.

CONTACTING THE WASHINGTON PARISH GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Parish's finances and to demonstrate the Parish's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Washington Parish Government's Administrative Office, 909 Pearl Street, Franklinton, La 70438, phone number (985) 839-7825.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Net Assets
December 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 7,446,680	\$ 32,212	\$ 7,478,892
Investments	8,852,565		8,852,565
Receivables	3,400,889		3,400,889
Internal balances	18,000	(18,000)	-
Notes receivable		99,963	99,963
Due from other governments	31,672		31,672
Equity in Choctaw Road Landfill	529,475		529,475
Capital assets:			
Land	2,099,163		2,099,163
Other capital assets, net of depreciation	29,343,836		29,343,836
Total assets	\$ 51,722,280	\$ 114,175	\$ 51,836,455
LIABILITIES			
Accounts, retainage, and other payables	\$ 848,474	\$	\$ 848,474
Due to other governments	53,263		53,263
Long-term liabilities:			
Portion due within one year	1,934,460		1,934,460
Portion due after one year	19,136,219		19,136,219
Total liabilities	21,972,416	-	21,972,416
NET ASSETS			
Invested in capital assets, net of related debt	10,462,999		10,462,999
Restricted for:			
Capital projects	11,319,736		11,319,736
Health and welfare	2,101,002		2,101,002
Solid waste disposal	1,942,481		1,942,481
Debt service	968,898		968,898
Highways and bridges	793,900		793,900
Other purposes	281,949		281,949
Unrestricted net assets	1,878,899	114,175	1,993,074
Total net assets	\$ 29,749,864	\$ 114,175	\$ 29,864,039

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Activities
For the Year Ended December 31, 2004

	Program revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Primary government:							
Governmental activities:							
General government	\$ 1,900,415	\$ 358,444	\$ 2,282		\$ (1,539,689)		\$ (1,539,689)
Public safety	672,905	3,641	8,429	85,376	(395,459)		(595,459)
Highways and streets	3,384,872		703,102	261,954	(2,419,816)		(2,419,816)
Health and welfare	883,631		53,960	455,706	(373,965)		(373,965)
Culture and recreation	695,971		61,464	19,376	(615,131)		(615,131)
Sanitation	541,001	182,984	67,423		(290,594)		(290,594)
Interest on long-term debt	781,315				(781,315)		(781,315)
Total	8,860,110	545,069	896,660	802,412	(6,615,969)		(6,615,969)
Business-type activities:							
Expenses	-	2,453	15,000			17,453	17,453
Total business-type activities	-	2,453	15,000	-	-	17,453	17,453
Total Primary government	\$ 8,860,110	\$ 547,522	\$ 911,660	\$ 802,412	(6,615,969)	17,453	(6,598,516)
General revenues:							
Property taxes, levied for general purposes					2,709,784		2,709,784
Property taxes, levied for debt service					112		112
Sales taxes					3,228,721		3,228,721
Franchise taxes					39,572		39,572
State revenue sharing					176,306		176,306
Timber severance					346,986		346,986
Mineral severance					10,054		10,054
Other tax					13,446		13,446
Fire insurance rebate					114,925		114,925
Occupational licenses					110,000		110,000
Special item-sale of fixed assets					6,459		6,459
Unrestricted interest					4,818		4,818
Miscellaneous					31,531		31,531
Total general revenues					6,792,714	-	6,792,714
Change in net assets					176,745	17,453	194,198
Net assets-beginning					29,573,119	96,722	29,669,841
Net assets-ending					\$ 29,749,864	\$ 114,175	\$ 29,864,039

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2004

ASSETS

	General Fund	Parish Transportation Fund	Sales Tax Split .67%	Road Improvement Fund	Debt Service PTF Revenue Bonds	Other Governmental Funds	Total Governmental Funds
Cash	\$ 6,267,944	\$ 33,415	\$	\$	\$	\$ 1,145,321	\$ 7,446,680
Investments	130,137	64,464		4,550,006	825,379	3,282,579	8,852,565
Receivables	488,352	538,298	145,288	1,190,377		1,038,574	3,400,889
Equity in joint venture			125,771				125,771
Due from other funds	2,844,239	317,618	1,948,267	5,976,637		126,651	11,213,412
Due from other governmental units	31,672						31,672
Total assets	\$ 9,762,344	\$ 953,795	\$ 2,219,326	\$ 11,717,020	\$ 825,379	\$ 5,593,125	\$ 31,070,989

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ 177,565	\$ 22,933	\$ 218,709	\$ 92,361	\$	\$ 64,953	\$ 576,521
Retainage payable				258,707			258,707
Other payables						13,246	13,246
Due to other funds	8,018,905	123,396	1,751,879	32,650		1,268,582	11,195,412
Due to other governmental units		13,566	14,115	13,566		12,016	53,263
Total liabilities	8,196,470	159,895	1,984,703	397,284	-	1,358,797	12,097,149

(Continued)
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Parish Transportation Fund	Sales Tax Split .67%	Road Improvement Fund	Debt Service Revenue Bonds	Other Governmental Funds	Total Governmental Funds
Fund balances(deficit):							
Reserved for:							
Industrial development	\$ 50,000	\$	\$	\$	\$	\$	\$ 50,000
Debt service					825,379	143,519	968,898
Unreserved:							
General Fund:							
Designated-							
Health insurance	130,137						130,137
Undesignated	1,385,737	793,900	234,623	11,319,736			13,733,996
Unreserved, reported in nonmajor:							
Special revenue funds:							
Designated-							
Construction						1,046,490	1,046,490
Undesignated						3,044,319	3,044,319
Total fund balances	<u>1,565,874</u>	<u>793,900</u>	<u>234,623</u>	<u>11,319,736</u>	<u>825,379</u>	<u>4,234,328</u>	<u>18,973,840</u>
Total liabilities and fund balances	<u>\$ 9,762,344</u>	<u>\$ 953,795</u>	<u>\$ 2,219,326</u>	<u>\$ 11,717,020</u>	<u>\$ 825,379</u>	<u>\$ 5,593,125</u>	<u>\$ 31,070,989</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
December 31, 2004

Total fund balances reported on the Balance Sheet of Governmental Funds.	\$ 18,973,840
Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	31,442,999
The portion of an equity interest in a joint venture that consists of capital assets and long-term debt in governmental activities are not reported in the funds.	403,704
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 2)	<u>(21,070,679)</u>
Total net assets of governmental activities	<u><u>\$29,749,864</u></u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Parish Transportation Fund	Sales Tax Split 67%	Road Improvement Fund	Debt Service PTF Revenue Bonds	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes-							
Ad valorem	\$ 294,423	\$ 438,836	\$ 1,728,076	\$ 1,060,452	\$	\$ 916,185	\$ 2,709,896
Sales				1,716,903		2,451	3,447,430
Other	13,447						13,447
Licenses and permits	170,757						170,757
Intergovernmental-							
Federal funds-							
Federal grants							
State funds-						455,706	455,706
Parish transportation funds							
State revenue sharing (net)		427,218					427,218
Other	38,373	32,788				105,145	176,306
Fees, charges, etc.	570,125					125,762	695,887
Fines and penalties	117,783					2,833	120,616
Interest income	3,641					126,182	129,823
Investment earnings	2	3,022	36,353	91,489		28,546	159,412
Other	4,813	2,382		177,676	1,315	79,951	266,137
	7,087	17,034				7,431	31,532
Total revenues	1,220,431	921,280	1,764,429	3,046,520	1,315	1,850,192	8,804,167

EXPENDITURES							
Current-							
General government:							
Legislative	98,469					294,945	98,469
Judicial	799,113						1,094,058
Executive	234,471						234,471
Elections	165,310						165,310
Finance and administrative	235,342						235,342
Other	28,210						28,210
Public safety	434,920					76,660	511,580
Health and welfare	48,963					351,204	400,167

(Continued)
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Parish Transportation Fund	Sales Tax Split .87%	Road Improvement Fund	Debt Service PTF Revenue Bonds	Other Governmental Funds	Total Governmental Funds
EXPENDITURES (continued)							
Current (continued) -							
Highway and streets		\$ 1,685,760	\$ 396,392	\$ 684,138	\$	\$	\$ 2,369,898
Sanitation						123	396,515
Culture and recreation						581,502	581,502
Debt service							
Principal	555	555	555	555	1,265,000	550,000	1,817,220
Interest	151	151	151	151	588,780	199,458	788,842
Capital outlay	84,395	179,257		6,171,121		653,840	7,088,613
Total expenditures	2,129,899	1,865,723	397,098	6,855,965	1,853,780	2,707,732	15,810,197
Excess (deficiency) of revenues over expenditures	(909,468)	(944,443)	1,367,331	(3,809,445)	(1,852,465)	(857,540)	(7,006,030)
OTHER FINANCING SOURCES(USES)							
Operating transfers in							
Operating transfers (out)	861,973	192,979	70,139		1,916,042	772,332	3,813,465
Increase in equity in joint venture	(22,874)		(1,054,952)	(2,665,500)		(70,139)	(3,813,465)
Excess sales tax split with other government entities			55,632				55,632
Sale of fixed assets			(218,709)				(218,709)
Total other financing sources(uses)		6,459				6,459	
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	839,099	199,438	(1,147,890)	(2,665,500)	1,916,042	702,193	(156,618)
Fund balances, beginning	(70,369)	(745,005)	219,441	(6,474,945)	63,577	(155,347)	(7,162,648)
Fund balance (deficit), ending	1,636,243	1,538,905	15,182	17,794,681	761,802	4,389,675	26,136,488
	\$ 1,565,874	\$ 793,900	\$ 234,623	\$ 11,319,736	\$ 825,379	\$ 4,234,328	\$ 18,973,840

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances---total governmental funds	\$ (7,162,648)
--	----------------

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$6,738,540) exceeded depreciation (\$1,468,535) in the current period.

5,270,005

Governmental funds do not report donations of capital assets because they are not financial resources

261,954

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,815,000

Governmental funds report contributions to Choctaw Road Landfill as expenditures.

2,002

Some expenses reported in the statement of activities do not require the use of current financial sources and therefore are not reported as expenditures in governmental funds. (Note 3)

(9,568)

Change in net assets of governmental activities

\$ 176,745

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Net Assets
Enterprise Funds
December 31, 2004

	USDA Revolving Loan Fund	Governor's Office Revolving Loan Fund	Total
ASSETS			
Current assets:			
Cash	\$ 32,212	\$	\$ 32,212
Notes receivable:			
Breedlove Farm, L.L.C.	911,033		911,033
Smith Creamery, L.L.C.	85,842	14,121	99,963
Total notes receivable	996,875	14,121	1,010,996
Less allowance for doubtful accounts	(911,033)	-	(911,033)
Net notes receivable	85,842	14,121	99,963
Due from other funds		1,058	1,058
Total assets	<u>\$ 118,054</u>	<u>\$ 15,179</u>	<u>\$ 133,233</u>
LIABILITIES AND RETAINED EARNINGS			
Liabilities:			
Due to other funds	19,058		19,058
Retained earnings	98,996	15,179	114,175
Total retained earnings	<u>\$ 118,054</u>	<u>\$ 15,179</u>	<u>\$ 133,233</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2004

	USDA Revolving Loan Fund	Governor's Office Revolving Loan Fund	Total
REVENUE			
State grant	\$	\$ 15,000	\$ 15,000
Interest income	2,274	179	2,453
Total revenues	<u>2,274</u>	<u>15,179</u>	<u>17,453</u>
EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>
Net income	2,274	15,179	17,453
Retained earnings, beginning	<u>96,722</u>	<u>-</u>	<u>96,722</u>
Retained earnings, ending	<u>\$ 98,996</u>	<u>\$ 15,179</u>	<u>\$ 114,175</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from borrower	\$ 9,914
Loan to borrower	(15,000)
Grant from the Governor's Office Revolving Loan Fund	15,000
Interest received from borrower	1,994
Interest income	459
Net cash provided by operating activities	<u>12,367</u>
Net (decrease) in cash	12,367
Balances—beginning of the year	<u>19,845</u>
Balances—end of the year	<u><u>\$ 32,212</u></u>

**Reconciliation of net income to Net Cash
Provided by Operating Activities**

Net income	\$ 2,453
Adjustments to reconcile operating income to net cash provided by operating activities	
Grant from the Governor's Office Revolving Loan Fund	15,000
Note receivable increase	(5,086)
Net cash provided by operating activities	<u><u>\$ 12,367</u></u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Primary Government Basic Financial Statements
As of and for the year ended December 31, 2004

INTRODUCTION

The Washington Parish Government is the governing authority for Washington Parish and is a political subdivision of the State of Louisiana. On November 17, 1998 a home rule charter became effective which provides for a Parish President (elected parish-wide) and seven elected Councilmen representing the various districts within the parish.

Louisiana Revised Statute (R.S.) 33:1236 gives the parish government various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

Washington Parish covers an area of 676 square miles with a population of approximately 44,000. The parish government maintains 865 miles of roads, of which 184 miles are asphalt, 371 miles are 3-shot, and 310 miles are gravel.

As the governing authority of the parish, for reporting purposes, the Washington Parish Government is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government (Parish Government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in *determining financial accountability*.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Parish Government has determined that the following component units are part of the reporting entity. They have been blended because the Parish Government maintains the accounting records.

Blended Component Unit

The Criminal Court Fund (the Fund) was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney. The Parish Government adopts a budget for the fund. Separate financial statements are not issued for the fund since it has been historically included as a fund within the Parish Government's financial statements.

The Washington Parish Library (the Library) was established by the Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The Library is governed by a board of control, which is appointed by the Parish Government in accordance with the provisions of Louisiana Revised Statute 25:214. Although the Library is legally separate, the Parish Government approves its budget and levies and collects ad valorem taxes dedicated to the operation of the library system. Separate financial statements are not issued for the Library since it has been historically included as a fund within the Parish Government's financial statements.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

The Washington Parish Office of Emergency Preparedness (OEP) was established by state law (R.S. 29:728) and is responsible for emergency mitigation, preparedness, response and recovery. The director is appointed by the parish president and must be commissioned by the director of the state office of emergency preparedness. Operating expenses are partially reimbursed by the state office.

Other Component Units

The Parish Government has chosen to issue financial statements of the primary government (Parish Government) and blended component units only; therefore, none of the following listed component units are presented in the accompanying financial statements.

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Washington Parish Assessor	December 31	2
Washington Parish Clerk of Court	June 30	2
Washington Parish Sheriff	June 30	2
Riverside Medical Center-		
Hospital Service District No. 1	December 31	1
Washington Parish Gas District No. 1	December 31	1
Washington Parish Gas District No. 2	December 31	1
Bogue Lusa Waterworks District	December 31	1
Varnado Waterworks District	December 31	1
Fire Protection District No. 1	December 31	1
Fire Protection District No. 2	December 31	1
Fire Protection District No. 3	December 31	1
Fire Protection District No. 4	December 31	1
Fire Protection District No. 5	December 31	1
Fire Protection District No. 6	December 31	1
Fire Protection District No. 7	December 31	1
Fire Protection District No. 8	December 31	1
Fire Protection District No. 9	December 31	1
Washington Parish Communications District	December 31	1
Washington Parish Tourism Commission	December 31	1

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organization and (b) joint venture, as follows:

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

Related Organization

Housing Authority of Washington Parish - The Parish Government appoints all five Commissioners of the Housing Authority of Washington Parish. However, no further contact or influence exists. Therefore, it is not included in the Parish Government's financial statements.

Joint Venture

Choctaw Road Landfill (the Joint Venture) - The Parish Government is a participant with the City of Bogalusa (the City) in a joint venture to construct and operate the Choctaw Road Landfill, a solid waste disposal landfill. The Joint Venture was opened in July of 1989. The agreed upon percentages of sharing of construction costs and operating losses were 58.1% for the Parish Government and 41.9% for the City. The Parish Government's share of costs is funded by a dedicated .67 percent sales tax in Washington Parish, excluding Ward 4. The City's share of costs is funded by an ad valorem tax.

Complete financial statements for the Joint Venture can be obtained from the Washington Parish Government at the parish courthouse in Franklinton, LA.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Parish Government) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Parish Government).

Considered in the determination of component units of the reporting entity were the Washington Parish School Board and various municipalities in the parish. It was determined that these governmental entities are not component units of the Washington Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Washington Parish Government.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Washington Parish Government have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principle.

During 2004, the parish implemented GASB Statement No. 34 as required. For the first time the financial statements include the following:

- A Management Discussion and Analysis (M D & A) section providing an analysis of the parish's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the parish's activities, including infrastructure (effective January 1, 2004)
- Fund financial statements changed to focus on the major funds.

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Washington Parish Government reports the following major governmental funds:

The General Fund is the Parish Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Parish Transportation Fund is a special revenue fund that accounts for constructing, improving, and maintaining public roads and bridges in the parish. Financing is provided by the State of Louisiana Parish Transportation Fund, ad valorem taxes, and state revenue sharing funds. The ad valorem tax expires in 2006.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

The Sales Tax Split .67% Fund is a special revenue fund that accounts for the rededication of a 1992 sales tax of 1% that was reduced to .67% by voters on April 6, 2002 that also rededicated the proceeds of the tax in excess of that needed for solid waste.

The Road Improvement Fund is a capital projects fund that accounts for sales and ad valorem tax revenues which are dedicated solely for constructing, improving, maintaining and resurfacing public roads and bridges in the Parish including incidental drainage and the acquisition of equipment thereof.

The Debt Service PTF Revenue Bonds is a debt service fund that was established to account for the debt service of the \$15,000,000 Sales Tax Revenue Bonds (Washington Parish Road Project) Series 2003 issued through the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) and the debt service of the \$5,600,000 Certificate of indebtedness, Series 2002.

The Washington Parish Government reports the following major proprietary funds:

The USDA Revolving Loan Fund is an enterprise fund that accounts for a grant from the U.S. Department of Agriculture to establish a revolving loan fund to facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities.

The Governor's Office Revolving Loan Fund is an enterprise fund that accounts for a grant from the Governor's Office of Rural Development to develop an economic development revolving loan fund.

Proprietary funds distinguish operating revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds is interest income. Operating expenses for enterprise funds include the administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

C. Deposits and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Parish Government may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana, mutual funds and bonds, debentures and notes or other evidence of indebtedness issued or guaranteed by Federal agencies provided such obligations are backed by full faith and credit of the United States of America.

D. Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal years are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The following table states the Parish's thresholds for capitalizing capital assets and the estimated useful lives of capital assets:

Description	Capitalization Threshold	Estimated Useful Lives
Buildings	\$ 5,000	40 years
Building Improvements	5,000	20 years
Office equipment	5,000	5 years
Other equipment	5,000	7 years
Vehicles	5,000	5 years
Heavy Equipment	5,000	10-15 years
Infrastructure:		
Roads	25,000	15-20 years
Bridges	25,000	30-70 years

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

All capital assets, other than land, are depreciated using the straight-line method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Bridges were valued using estimated historical cost. The Louisiana Department of Transportation and Development maintains a listing of Parish Bridges that includes the construction date and estimated replacement cost. Using this list, along with the consumer price index, historical cost was estimated by Parish Government's Engineer.

The Parish began the majority of the reconstruction of Parish roads after the voters of Washington Parish approved the following additional taxes:

- 10 mill ad valorem tax
- 1% sales tax (unincorporated areas of the parish)
- .33% sales tax (parishwide)

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Every appropriation, except an appropriation for a capital expenditure, will lapse at the close of the fiscal year to the extent it has not been expended. Encumbrances do not constitute expenditures or liabilities.

G. Compensated Absences

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken.

Employees of the Parish Government, Library, and Criminal Court earn vacation leave at varying rates according to years of service. Vacation leave must be taken during the year earned. However, upon termination employees are paid for any unused vacation leave earned during the year.

Employees earn 12 days of sick leave each year. A total of 45 days may be accumulated. All accumulated sick leave lapses upon termination, except for employees of the Library who are paid for all accumulated sick leave upon termination.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

H. Long-Term Liabilities

In the government-wide financial statements, and the propriety fund types in the fund financial statements, long-term liabilities are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Fund Equity

Reserved Fund Balances

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use, in the fund financial statements.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Parish, which are either unusual in nature or infrequent in occurrence.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. Sales Taxes Changes

On September 27, 1986 the voters of Washington Parish outside the corporate limits of the City of Bogalusa approved for an indefinite period of time, a one per cent sales tax. The proceeds of the sales tax, after administrative expenses, were dedicated to the costs of acquiring, operating, and maintaining solid waste disposal facilities.

On April 11, 1992 the voters decided to rededicate and re-allocate the above mentioned sales tax so that the proceeds in excess of those needed for the solid waste to:

- (a) 45% to pay the costs of services which the parish is legally obligated to pay under the laws of Louisiana;
- (b) 44.14% to be placed in the Parish Transportation Fund to be used for constructing, maintaining and improving public roads, highways and bridges in the Parish, to the extent that such projects qualify as allowable Parish Transportation Fund projects;
- (c) 9.72% to be used for constructing, maintaining and improving public roads, highways and bridges, for constructing, maintaining and improving drainage facilities and for economic development in the Town of Franklinton [provided that for five years after the effective date of this rededication, 80% of the portion described in this part (c) shall be used for economic development];
- (d) 0.57% to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Angie; and

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

- (e) 0.57% to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Varnado.

On April 6, 2002 the voters decided to reduce the 1.00% sales tax, parishwide except Bogalusa, to .67% and rededicate the proceeds of the tax in excess of that needed for solid waste to:

- (a) 68% for cost of services parish is legally obligated to pay,
- (b) 15% for parish roads and bridges,
- (c) 15% to the Town of Franklinton,
- (d) 1% to the Village of Angie, and
- (e) 1% to the Village of Varnado.

On April 6, 2002 the voters, also, approved a parishwide .33% sales and use tax dedicated solely for constructing, improving, maintaining and resurfacing parish roads and bridges, including incidental drainage and the acquisitions of equipment therefor. The tax was levied beginning July 1, 2002.

On November 5, 2002 the voters approved a 1% sales and use tax for all unincorporated areas of the Parish dedicated solely for constructing, improving, maintaining and resurfacing parish roads and bridges, including incidental drainage and the acquisitions of equipment therefor. The tax was levied beginning January 1, 2003.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

Long-term liabilities applicable to the Parish's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities – both current and long-term – are reported in the statement of net assets. Balances at December 31, 2004, were:

Bonds payable	\$ 20,980,000
Accrued interest payable	69,460
Compensated absences	<u>21,219</u>
Combined adjustment	<u>\$ 21,076,679</u>

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term liabilities is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of three items:

Compensated absences	\$ 179
Capital leases payable	(2,220)
Accrued interest on bonds	<u>(7,527)</u>
Combined adjustment	<u>\$ (9,568)</u>

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Parish follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The President submits to the council a proposed operating budget at least sixty days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
2. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing.
3. At least ten days prior to the date of such hearing the council publishes in the official journal a general summary of the proposed budget.
4. The budget is adopted not later than 30 days before the end of the fiscal year.
5. At any time during the year the President may transfer part or all of any unencumbered appropriation within programs, except that no transfer can be made to or from the salary account unless approved by the Council by ordinance.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

6. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended from time to time by the Parish Council

5. LEVIED TAXES

The following is a listing of levied millages for ad valorem taxes:

	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide Taxes:		
General Fund:		
Inside	1.85	Indef.
Outside	3.70	Indef.
Special Revenue Funds:		
Library	4.60	2006
Parish Transportation	4.13	2006
Courthouse Maintenance	1.03	2006
Health Unit Maintenance	3.11	2006
Capital Projects Fund:		
Road Improvement	<u>10.00</u>	2011
	<u>28.42</u>	

6. CASH AND INVESTMENTS

Cash

At December 31, 2004, the Parish Government had cash and cash equivalents (book balances) totaling \$7,478,892 as follows:

Demand deposits	\$ 13,246
Interest bearing demand deposits	7,465,546
Petty cash	<u>100</u>
Total	<u>\$ 7,478,892</u>

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2004, the Parish Government has \$7,568,846 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$7,468,846 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Parish Government that the fiscal agent has failed to pay deposited funds upon demand.

Investments

The following is a summary of investments, at fair market value, held by the Parish Government at December 31, 2004:

Central Progressive Bank - Certificates of Deposits	\$ 1,442,060
Obligations of the United States, held by	
Legg Mason	2,035,121
Mutual funds of Hancock Bank, held by	
Hancock Bank	<u>5,375,384</u>
Total	<u>\$ 8,852,565</u>

The certificates of deposit are collateralized with securities held by the pledging financial institution's agent but not in the parish's name. The U.S. obligations and the Hancock Bank's mutual funds are exposed to custodial credit risk.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

Investment earnings for the year ended December 31, 2004 follow:

Central Progressive Bank - Certificates of Deposits	\$	52,025
Obligations of the United States, held by		
Legg Mason:		
Dividends	\$	611
Interest		44,217
Net decrease in the fair value		
of investments		<u>(9,707)</u>
		35,121
Mutual funds of Hancock Bank, held by		
Hancock Bank		<u>178,991</u>
Total	\$	<u>266,137</u>

7. RECEIVABLES

The receivables of \$3,400,889 at December 31, 2004, were as follows:

Class of Receivable	Governmental Activities					Total
	General Fund	Parish Transportation Fund	Sales Tax Split .67%	Road Improvement Fund	Other Governmental Funds	
Taxes:						
Ad Valorem	\$ 295,390	\$ 435,221	\$	\$ 1,053,805	\$ 920,106	\$ 2,704,522
Sales and use			145,288	136,572		281,860
Franchise	38,340					38,340
Intergovernmental:						
Federal					29,303	29,303
State	90,868	101,886			76,065	268,819
Local	16,885				13,100	29,985
Miscellaneous	<u>46,869</u>	<u>1,191</u>				<u>48,060</u>
Total	<u>\$ 488,352</u>	<u>\$ 538,298</u>	<u>\$ 145,288</u>	<u>\$ 1,190,377</u>	<u>\$ 1,038,574</u>	<u>\$ 3,400,889</u>

The Parish Government uses the direct write-off method to write off the majority of general uncollectible accounts receivable. This method approximates methods in accordance with generally accepted accounting principles.

8. NOTES RECEIVABLE

In 2002, Parish Government received a Federal grant of \$975,000 to establish a revolving loan fund to businesses to improve the economy in rural parts of the parish. The entire \$975,000 was loaned to Richard and Penny Breedlove and Breedlove Farm, L.L.C. on October 18, 2002, at an interest rate of 2.75%. The

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

Breedlove's are to repay the loan in 120 monthly payments of \$9,320 including interest. Collection of the loan has become doubtful.

In 2004, Parish Government received a grant of \$15,000 from the Governor's Office of Rural Development to establish another revolving loan fund. The money was loaned to Smith Creamery, L.L.C. at 2% interest to be repaid monthly over ten years.

Notes receivable, December 31, 2004

Breedlove Farm, L.L.C.	\$ 911,033
Smith Creamery, L.L.C.	99,963
Allowance for doubtful account	<u>(911,033)</u>

Notes receivable, net of allowance for
doubtful account

\$ 99,963

9. NET INVESTMENT IN JOINT VENTURE

The Parish Government's share of their investment in Choctaw Road Landfill is accounted for in the Sales Tax Split .67% Fund which is a governmental fund. The equity interest in the joint venture represents equity primarily in capital assets and otherwise does not meet the definition of a current financial resource. GASB #14 states that it is inappropriate to report the entire "Net investment in Joint Venture" as an asset in a governmental fund; only the amount that is a current financial resource should be reported.

Accordingly, the Parish's 58.1% "Equity in Joint Venture" of Choctaw Road Landfill at December 31, 2004, is shown in the financial statements as follows:

Sales Tax Split .67% Fund:

Current financial resource in the Fund Financial Statements	\$ 125,771
--	------------

Economic resources:

Fixed assets	\$ 2,031,514	
Accumulated depreciation	(1,496,459)	
Landfill closure and post closure care costs	<u>(131,351)</u>	
Net economic resources		<u>403,704</u>

Equity in Joint Venture in the
Government-wide Financial
Statements

\$ 529,475

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

10. CAPITAL ASSETS

GOVERNMENTAL ACTIVITIES

The following is a summary of the changes in capital assets for the year ended December 31, 2004:

	Balance 12/31/03	Increases	Decreases	Balance 12/31/04
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,029,015	\$ 70,148	\$ —	\$ 2,099,163
Total capital assets not being depreciated	<u>2,029,015</u>	<u>70,148</u>	<u>—</u>	<u>2,099,163</u>
Other capital assets:				
Buildings	6,218,856			6,218,856
Equipment	2,372,875	779,886		3,152,761
Books	1,338,059	53,409	30,584	1,360,884
Asphalt roads	8,576,595	5,712,842		14,289,437
3-shot roads	2,443,999	122,255		2,566,254
Bridges and culverts	<u>14,032,060</u>	<u>261,954</u>	<u>—</u>	<u>14,294,014</u>
	34,982,444	6,930,346	30,584	41,882,206
Less accumulated depreciation for:				
Buildings	(2,579,819)	(157,014)		(2,736,833)
Equipment	(1,671,345)	(243,895)		(1,915,240)
Books	(1,163,692)	(47,376)	(30,584)	(1,180,484)
Asphalt roads	(420,536)	(762,200)		(1,182,736)
3-shot roads	(2,228,250)	(15,025)		(2,243,275)
Bridges and culverts	<u>(3,036,777)</u>	<u>(243,025)</u>	<u>—</u>	<u>(3,279,802)</u>
Total accumulated depreciation	<u>(11,100,419)</u>	<u>(1,468,535)</u>	<u>(30,584)</u>	<u>(12,538,370)</u>
Other capital assets, net	<u>23,882,025</u>	<u>5,461,811</u>	<u>—</u>	<u>29,343,836</u>
Totals	<u>\$ 25,911,040</u>	<u>\$ 5,531,959</u>	<u>\$ —</u>	<u>\$ 31,442,999</u>

Depreciation expense of \$1,468,535 for the year ended December 31, 2004, was charged to the following governmental functions:

General government	\$ 49,087
Public safety	88,027
Highways and streets	1,207,377
Health and welfare	27,758
Culture and recreation	96,286
	<u>\$ 1,468,535</u>

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)**11. INTERFUND BALANCES**

The following interfund balances at December 31, 2004 were created through interfund transfers and are expected to be repaid within one year. The purpose of a majority of the balances are to close out the Master Fund bank account to the General Fund.

	<u>Interfund Balances</u>
Governmental Activities—	
Major governmental funds	\$ 1,159,931
Nonmajor governmental funds	(1,141,931)
Total governmental activities	<u>\$ 18,000</u>
Business-Type Activities—	
USDA Revolving Loan Fund	(19,058)
Governor's Office Revolving Loan Fund	1,058
Total business-type activities	<u>\$ (18,000)</u>

12. INTERFUND TRANSFERS

Details about interfund transfers from other funds during 2004 follow:

Governmental Activities —	
Major Funds—	
General Fund:	
Routine transfers from Sales Tax Split .67% for sanitation mandate	\$ 861,973
Parish Transportation Fund:	
Routine transfers from Sales Tax Split .67% for sanitation mandate	192,979
Sales Tax Split .67%:	
One time transfer from Sales Tax Split 1% to move Choctaw Road Landfill equity investment into Sales Tax Split .67%	70,139
Debt Service PTF Revenue Bonds:	
Routine transfers of funds for debt service from Road Improvement Fund	<u>1,916,042</u>
Total major funds	3,041,133
Nonmajor governmental funds:	
Office of Emergency Preparedness:	
Routine transfers from General Fund to assist financing of current operations	22,874
Certificates of Indebtedness:	
Routine transfers of funds for debt service from Road Improvement Fund	<u>749,458</u>
Total nonmajor governmental funds	<u>772,332</u>
Total Governmental Activities	<u>\$ 3,813,465</u>

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

13. ON-BEHALF PAYMENTS

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits and salaries. During the year 2004, the state paid salaries of \$98,160 directly to Parish Government employees on-behalf of Parish Government. This amount has been included in the financial statements in intergovernmental revenue and salaries expenditures.

14. ACCOUNTS, RETAINAGE, AND OTHER PAYABLES

The payables of \$848,474 at December 31, 2004, were as follows:

	General Fund	Parish Transportation Fund	Sales Tax Split .67%	Road Improvement Fund	Non-Major Governmental Funds	Total
Accounts	\$ 177,565	\$ 22,933	\$ 218,709	\$ 92,361	\$ 64,953	\$ 576,521
Retainage				258,707		258,707
Other					13,246	13,246
Total	<u>\$ 177,565</u>	<u>\$ 22,933</u>	<u>\$ 218,709</u>	<u>\$ 351,068</u>	<u>\$ 78,199</u>	<u>\$ 848,474</u>

15. CERTIFICATES OF INDEBTEDNESS

On December 31, 2002, Parish Government issued \$5,600,000 of Limited Tax Certificates of Indebtedness, Series 2002. The Certificates were secured by an irrevocable pledge and dedication of the funds to be derived from the collection of a special 10 mill tax authorized to be levied in 2002 through the year 2011. The tax was dedicated solely for construction, improving, maintaining and resurfacing public roads and bridges in the Parish including incidental drainage and the acquisition of equipment thereof.

On December 31, 2002, Parish Government, also, issued \$2,400,000 of Certificates of Indebtedness, Series 2002. The Certificates were secured by a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the years during which the certificates are outstanding.

The annual requirements to amortize all certificates outstanding at December 31, 2004, including interest of \$1,145,621, are as follows:

Limited Tax Certificates of Indebtedness, Series 2002 (in thousands):

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 565	\$ 179	\$ 744
2006	585	157	742
2007	600	135	735
2008	620	112	732
2009	640	89	729
2010-2012	<u>2,040</u>	<u>116</u>	<u>2,156</u>
	<u>\$ 5,050</u>	<u>\$ 788</u>	<u>\$ 5,838</u>

Certificate of Indebtedness, Series 2002 (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 215	\$ 76	\$ 291
2006	225	68	293
2007	235	59	294
2008	245	50	295
2009	250	41	291
2010-2012	<u>820</u>	<u>64</u>	<u>884</u>
	<u>\$ 1,990</u>	<u>\$ 358</u>	<u>\$ 2,348</u>

16. ROAD IMPROVEMENT REVENUE BONDS

Pursuant to a request in Resolution No. 03-266 dated February 24, 2003 of Washington Parish Government, the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued \$15,000,000 of its Revenue Bonds(Washington Parish Road Project) Series 2003. The following sales tax revenue has been pledged to secure the debt:

- .33% sales and use tax (parishwide) effective for 2002 and
- 1% sales and use tax (all unincorporated areas of the parish) effective January 1, 2003.

The proceeds of the Bonds are dedicated for financing the costs of constructing road improvements in Washington Parish, and are loaned to Parish Government as improvements are made.

The annual requirements to amortize the revenue bonds outstanding at December 31, 2004 including interest of \$3,059,359 follows (in thousands):

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

Fiscal Year	Principal	Interest	Total
2005	\$ 1,085	\$ 473	\$ 1,558
2006	1,105	452	1,557
2007	1,125	431	1,556
2008	1,150	398	1,548
2009	1,190	353	1,543
2010-2014	6,770	925	7,695
2015	1,515	27	1,542
	<u>\$ 13,940</u>	<u>\$ 3,059</u>	<u>\$ 16,999</u>

17. CHANGES IN GENERAL LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions:

	Balance 01/01/04	Additions	Retirements	Balance 12/31/04	Current Portion
Limited Tax Certificates of Indebtedness, Series 2002	\$ 5,600,000		\$ 550,000	\$ 5,050,000	\$ 565,000
Certificate of Indebtedness, Series 2002	2,195,000		205,000	1,990,000	215,000
Road Improvement Revenue Bonds, Series 2003	15,000,000		1,060,000	13,940,000	1,085,000
Capital leases payable	2,220		2,220	—	—
Accrued interest payable	76,987		7,527	69,460	69,460
Compensated absences	21,040	179		21,219	
Total	<u>\$ 22,895,247</u>	<u>\$ 179</u>	<u>\$ 1,824,747</u>	<u>\$ 21,070,679</u>	<u>\$ 1,934,460</u>

18. RESERVED FUND BALANCES

Reserved fund balances at December 31, 2004, follow:

1. **Industrial development** -This \$50,000 is the result of a complicated transaction in which Washington Parish Government created Washington Parish Industrial District No. 1 to assist Crown Zellerbach Corp in issuing bonds for construction. The money is, apparently, reserved for industrial development.
2. **Debt Service** - The \$825,379 is the amount in Debt Service PTF Revenue Bonds established to service the debt for the Revenue Bonds(Washington Parish Road Project) Series 2003. The \$143,519 is the amount remaining in the Debt Service Fund established to service the debt for the General Obligation Jail Bonds, Series 1991.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

19. DESIGNATED FUND BALANCES

1. **Health insurance** - This \$130,137 is the remainder of money transferred from an Internal Service Fund that was closed when Parish Government changed health insurance coverage. It has been designated for future increases in health insurance.
2. **Construction** - This \$1,046,490 was designated by Parish Government in 1995 for construction of the next cell at Choctaw Road Landfill.

20. RISK MANAGEMENT

Washington Parish Government is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The parish attempts to minimize risk from significant losses through the purchase of commercial insurance.

21. PENSION PLAN

Substantially all employees of the Washington Parish Government are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Parish Government are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions,

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, 5420 Corporate Boulevard, Suite 103, Baton Rouge, Louisiana 70808, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Washington Parish Government is required to contribute at an actuarially determined rate. The current rate is 11.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Washington Parish Government are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Washington Parish Government's contributions to the System under Plan A for the years ending December 31, 2004, 2003, and 2002, were \$273,912, \$139,502, and \$125,153, respectively, equal to the required contributions for each year.

22. CRIMINAL COURT FUND DEFICIT

At December 31, 2004 the Criminal Court Fund had a deficit fund balance of \$166,080. Parish Government has no control over this fund and is unaware of how the Court will correct this deficit situation.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

23. COMPENSATION PAID TO PARISH PRESIDENT AND PARISH COUNCIL

<u>Name</u>	<u>Title</u>	<u>Amount</u>
M. E. "Toye" Taylor	Parish President	\$ 99,386
Kenneth Wheat	Parish Council District 1	7,050
Clinton Miley	Parish Council District 2	7,050
Charles Nassauer	Parish Council District 3	7,200
Rodney Brown	Parish Council District 4	9,600
Relton Sumrall	Parish Council District 5	7,200
Marvin Thomas	Parish Council District 6	7,200
Darwin Sharp	Parish Council District 7	7,200

24. LITIGATION

The attorney for the Parish Government has advised that no lawsuits were filed in 2004 listing Washington Parish Government as defendant, and that as of December 31, 2004, the parish was party to the following suits:

1. Bennett v. Parish of Washington #76,480-H;
Parish has appealed \$3M judgment. Currently awaiting ruling from First Circuit.
2. Washington Parish Government v. Town of Franklinton #85,124-B;
Parish is plaintiff. Appeal of court's granting of summary judgment pending.
3. Seal v. Washington Parish #86,187-D;
Discovery ongoing. Recent dispositions should cause further discovery. Possible trial this year but unlikely.
4. Miner v. Jenkins #85,340-B;
Parish is only remaining defendant. Trial date has been set for late November 2005.
5. Foster v. Taylor and Parish Council #89,647-E;
Discovery ongoing.
6. McLaurin #89,760-J, Stewart #89,759-F, Thomas #89,747-C, State of La. #89,776-H v. Parish;
Separate suits from single occurrence. Discovery ongoing. Indications from plaintiff's attorney that parish will be dismissed.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Basic Financial Statements (Continued)

The attorney further advised that no funds have been allocated by parish government to pay any outstanding judgments or to make offers in settlement of pending litigation, at December 31, 2004.

25. PRIOR PERIOD RESTATEMENT

Fund balances at January 1, 2004 have been restated to reflect that debt service money held by Hancock Bank on December 31, 2003 was being held for debt service rather than road improvements as follows:

	Road Improvement Fund	Road Improvement Revenue Bonds	Total
Fund balance, January 1, 2004	\$ 18,556,482	\$ —	\$ 18,556,482
Adjustment	(761,802)	761,802	—
Fund Balance, January 1, 2004, restated	<u>\$ 17,794,680</u>	<u>\$ 761,802</u>	<u>\$ 18,556,482</u>

26. CONTINGENT LIABILITY

In the audit report of Washington Parish Government for the year ended December 31, 2003, there was a "questioned cost" concerning a \$911,033 bad debt expense on a loan made with the proceeds of a U.S. Department of Agriculture (USDA) revolving fund grant. In 2005, the USDA and the Office of the Louisiana Legislative Auditor began looking into this matter. Because of the inherent nature of "questioned costs", the USDA could possibly ask Parish Government for partial or full reimbursement sometime in the future. However, the ultimate outcome is unknown at this time. Accordingly, no liability has been recorded in these financial statements.

REQUIRED SUPPLEMENTAL
INFORMATION (PART II)

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes-				
Ad valorem	\$ 240,000	\$ 272,800	\$ 294,423	\$ 21,623
Other	11,000	19,000	13,447	(5,553)
Licenses and permits	154,500	170,600	170,757	157
Intergovernmental-				
State funds-				
State revenue sharing(net)	49,000	40,000	38,373	(1,627)
Other	517,485	524,924	570,125	45,201
Fees, charges, etc.	131,600	116,600	117,783	1,183
Fines and forfeitures	4,000	4,000	3,641	(359)
Interest	5,600	5,600	2	(5,598)
Investment earnings			4,813	4,813
Other	60,600	7,100	7,067	(33)
Total revenues	<u>1,173,785</u>	<u>1,160,624</u>	<u>1,220,431</u>	<u>59,807</u>
EXPENDITURES				
Current-				
General government				
Legislative	110,870	99,948	98,469	1,479
Judicial	773,192	805,520	799,113	6,407
Executive	227,445	242,183	234,471	7,712
Elections	85,454	70,924	165,310	(94,386)
Finance and administrative	358,140	284,210	235,342	48,868
Other	40,940	38,190	28,210	9,980
Public safety	367,275	408,396	434,920	(26,524)
Health and welfare	38,467	42,832	48,963	(6,131)
Debt service	3,600	3,600	706	2,894
Capital outlay	150,400	103,250	84,395	18,855
Total expenditures	<u>2,155,783</u>	<u>2,099,053</u>	<u>2,129,899</u>	<u>(30,846)</u>
Excess (deficiency) of revenues over expenditures	(981,998)	(938,429)	(909,468)	28,961
OTHER FINANCING SOURCES(USES)				
Operating transfers in	861,973	861,973	861,973	-
Operating transfers (out)		-	(22,874)	(22,874)
Total other financing sources(uses)	<u>861,973</u>	<u>861,973</u>	<u>839,099</u>	<u>(22,874)</u>
Net change in fund balance	(120,025)	(76,456)	(70,369)	6,087
Fund balance, beginning	<u>1,809,682</u>	<u>1,636,243</u>	<u>1,636,243</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,689,657</u>	<u>\$ 1,559,787</u>	<u>\$ 1,565,874</u>	<u>\$ 6,087</u>

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Budgetary Comparison Schedule
Parish Transportation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes-				
Ad valorem	\$ 275,000	\$ 423,034	\$ 438,836	\$ 15,802
Intergovernmental-				
State funds-				
Parish transportation funds	68,180	397,466	427,218	29,752
State revenue sharing(net)	400,000	50,147	32,788	(17,359)
Interest	10,000	10,000	3,022	(6,978)
Investment earnings			2,382	2,382
Other		17,034	17,034	-
Total revenues	<u>753,180</u>	<u>897,681</u>	<u>921,280</u>	<u>23,599</u>
EXPENDITURES				
Current-				
Highways and streets	1,648,274	1,726,626	1,685,760	40,866
Debt service	289,721	900	706	194
Capital outlay	55,000	194,076	179,257	14,819
Total expenditures	<u>1,992,995</u>	<u>1,921,602</u>	<u>1,865,723</u>	<u>55,879</u>
Excess (deficiency) of revenues over expenditures	(1,239,815)	(1,023,921)	(944,443)	79,478
OTHER FINANCING SOURCES(USES)				
Operating transfers in	192,979	192,979	192,979	-
Sale of capital assets		6,600	6,459	(141)
Total other financing sources(uses)	<u>192,979</u>	<u>199,579</u>	<u>199,438</u>	<u>(141)</u>
Net change in fund balance	(1,046,836)	(824,342)	(745,005)	79,337
Fund balance, beginning	<u>1,280,195</u>	<u>1,538,905</u>	<u>1,538,905</u>	<u>-</u>
Fund balance, ending	<u>\$ 233,359</u>	<u>\$ 714,563</u>	<u>\$ 793,900</u>	<u>\$ 79,337</u>

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Budgetary Comparison Schedule
Sales Tax Split .67%
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes-				
Sales	\$1,750,857	\$1,707,623	\$ 1,728,076	\$ 20,453
Interest	10,000	50,000	36,353	(13,647)
Total revenues	<u>1,760,857</u>	<u>1,757,623</u>	<u>1,764,429</u>	<u>6,806</u>
EXPENDITURES				
Current-				
Sanitation	328,246	449,264	396,392	52,872
Debt service	-	700	706	(6)
Total expenditures	<u>328,246</u>	<u>449,964</u>	<u>397,098</u>	<u>52,866</u>
Excess (deficiency) of revenues over expenditures	1,432,611	1,307,659	1,367,331	59,672
OTHER FINANCING SOURCES(USES)				
Operating transfers in	-	-	70,139	70,139
Operating transfers (out)	(1,054,952)	(1,054,952)	(1,054,952)	-
Increase in equity in joint venture	-	-	55,632	55,632
Excess sales tax split with other government entities	(218,709)	(218,709)	(218,709)	-
Total other financing sources(uses)	<u>(1,273,661)</u>	<u>(1,273,661)</u>	<u>(1,147,890)</u>	<u>125,771</u>
Net change in fund balance	158,950	33,998	219,441	185,443
Fund balance, beginning	-	15,182	15,182	-
Fund balance, ending	<u>\$ 158,950</u>	<u>\$ 49,180</u>	<u>\$ 234,623</u>	<u>\$ 185,443</u>

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Budgetary Comparison Schedule
Road Improvement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes-				
Ad valorem	\$ 1,000,000	\$ 957,131	\$ 1,060,452	\$ 103,321
Sales	800,000	1,669,968	1,716,903	46,935
Interest	-	160,000	91,489	(68,511)
Investment earnings		-	177,676	177,676
Total revenues	<u>1,800,000</u>	<u>2,787,099</u>	<u>3,046,520</u>	<u>259,421</u>
EXPENDITURES				
Current-				
Highways and streets	5,991,509	734,111	684,138	49,973
Debt service	-	1,135	706	429
Capital outlay	200,000	6,040,397	6,171,121	(130,724)
Total expenditures	<u>6,191,509</u>	<u>6,775,643</u>	<u>6,855,965</u>	<u>(80,322)</u>
Excess (deficiency) of revenues over expenditures	(4,391,509)	(3,988,544)	(3,809,445)	179,099
OTHER FINANCING SOURCES(USES)				
Operating transfers (out)	(2,709,911)	(2,709,911)	(2,665,500)	44,411
Bond proceeds	5,000,000	-	-	-
Total other financing sources(uses)	<u>2,290,089</u>	<u>(2,709,911)</u>	<u>(2,665,500)</u>	<u>44,411</u>
Net change in fund balance	(2,101,420)	(6,698,455)	(6,474,945)	223,510
Fund balance, beginning	<u>7,686,022</u>	<u>18,556,482</u>	<u>17,794,681</u>	<u>(761,801)</u>
Fund balance, ending	<u>\$ 5,584,602</u>	<u>\$ 11,858,027</u>	<u>\$ 11,319,736</u>	<u>\$ (538,291)</u>

See accompanying auditor's report.

OTHER SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Courthouse Maintenance Fund - Accounts for the operation and maintenance of the courthouse and related public buildings of the parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

Health Unit Maintenance Fund - Accounts for the operation and maintenance of public health units in the parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

Criminal Court Fund - The Criminal Court Fund was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney.

Library Fund - The Washington Parish Library was established by the Washington Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, computers, books, magazines, records, and films. The library is governed by a board of control, which is appointed by the Washington Parish Government in accordance with the provisions of Louisiana Revised Statute 21:214. The members of the board of control serve without pay. Primary financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

Special Witness Fund - The Special Witness Fund was established under Section 255 of Title 15 of the Louisiana Revised Statute of 1981, which provides that costs of court collected in individual cases, tried in district or parish courts on which there is a plea of guilty or conviction, be transferred to the parish treasurer and deposited into a Special Witness Fund account to be used to pay off-duty officer witness fees. Expenditures are made from the fund when court affidavit is presented to the Parish Comptroller, and when the appropriate payroll department verifies that the officer was off duty.

Sales Tax Split 1% - Accounts for the proceeds of the one cent sales tax imposed parishwide, excluding the City of Bogalusa, for periods May, 1992, and thereafter, to pay the costs of providing, maintaining, operating, constructing, acquiring, and/or improving solid waste facilities. Excess collections are to be used as follows:

- (a) 45% of excess will be used to pay mandated expenditures of the General Fund which the parish is legally obligated to pay under Louisiana law.
- (b) 44.14% of excess will be placed in the Parish Transportation Fund to be used for constructing, maintaining, and improving parish roads, highways, and bridges.
- (c) 9.72% of excess will be used for constructing, maintaining, and improving roads, highways, bridges, and drainage facilities in the Town of Franklinton. In addition, 80% of this money must be used for economic development in the first five years.
- (d) 0.57% of excess will be equally used for constructing, maintaining, and improving roads, highways, and bridges in the Village of Angie; and
- (e) 0.57% of excess will be equally used for constructing, maintaining, and improving roads, highways, and bridges in the Village of Varnado.

Governor's Office of Rural Development Fund - Accounts for various grants from the State of Louisiana.

Washington Parish Office of Emergency Preparedness - was established by state law (R.S. 29:728) and is responsible for emergency mitigation, preparedness, response and recovery. The director is appointed by the parish president and must be commissioned by the director of the state office of emergency preparedness. Operating expenses are partially reimbursed by the state.

DEBT SERVICE FUNDS

General Obligation Jail Bonds - This fund was established to account for the debt service of the 1981 Jail Bonds. All the bonds have been paid. The money left over in this account can only be used for the same purpose as the original jail bonds.

Limited Tax Certificate of Indebtedness - This fund was established to account for the debt service of the \$2,400,000 Limited Tax Certificate of Indebtedness, Series 2002.

CAPITAL PROJECTS FUND

Varnado Project LCDBG 2002 - Accounts for a Louisiana Community Development Block Grant to provide for a new water well for the Varnado Water District, a component unit of the Washington Parish Government.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds						
	Courthouse Maintenance	Health Unit Maintenance	Criminal Court	Library	Special Witness	Sales Tax Split 1%	
ASSETS							
Cash and cash equivalents	\$ 252	\$ 92,659	\$	\$ 293,829		\$ 743,533	
Investments	50,856	1,606,752		251,045		1,147,524	
Receivables	115,737	352,562	12,447	521,990	653		
Due from other funds		61,545			9,582	32,650	
Total assets	\$ 166,845	\$ 2,113,518	\$ 12,447	\$ 1,066,864	\$ 10,235	\$ 1,923,707	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 150	\$ 500	\$ 1,252	\$ 12,920	\$ 625	\$ 1,063	
Other payables							
Due to other funds	50,499		177,275	731,721		214,786	
Due to other governmental units		12,016					
Total liabilities	50,649	12,516	178,527	744,641	625	215,849	
Fund balances(deficit):							
Reserved for:							
Debt service							
Unreserved:							
Special revenue funds-							
Designated-							
Construction	116,196	2,101,002	(166,080)	322,223	9,610	1,046,490	
Undesignated	116,196	2,101,002	(166,080)	322,223	9,610	661,368	
Total fund balances	\$ 166,845	\$ 2,113,518	\$ 12,447	\$ 1,066,864	\$ 10,235	\$ 1,923,707	
Total liabilities and fund balances							

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds			Debt Service Fund		Capital Projects Fund	Total Nonmajor Governmental Funds
	Governor's Office of Rural Development	Office of Emergency Preparedness	General Obligation Jail Bonds	Limited Tax Certificate of Indebtedness	Varnado Project LCDBG 2002		
ASSETS							
Cash and cash equivalents		\$	\$ 1,802	\$	\$ 13,246	\$	\$ 1,145,321
Investments			226,402				3,282,579
Receivables	3,902	1,918	62		29,303		1,038,574
Due from other funds		22,874					126,651
Total assets	\$ 3,902	\$ 24,792	\$ 228,266	\$	\$ 42,549	\$	\$ 5,593,125
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable		\$ 19,140	\$	\$	\$ 29,303	\$	\$ 64,953
Other payables					13,246		13,246
Due to other funds	3,902	5,652	84,747				1,268,582
Due to other governmental units							12,016
Total liabilities	3,902	24,792	84,747	-	42,549		1,358,797
Fund balances(deficit):							
Reserved for:							
Debt service			143,519	-			143,519
Unreserved:							
Special revenue funds-							
Designated-							
Construction		-					1,046,490
Undesignated	-	-	143,519	-	-		3,044,319
Total fund balances	3,902	24,792	\$ 228,266	\$	\$ 42,549	\$	\$ 5,593,125
Total liabilities and fund balances							

(Concluded)

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds					
	Courthouse Maintenance	Health Unit Maintenance	Criminal Court	Library	Special Witness	Sales Tax Split 1%
REVENUES						
Taxes-						
Ad valorem	\$ 107,093	\$ 326,320	\$	\$ 482,660	\$	\$ 2,451
Sales tax						
Intergovernmental -						
Federal-						
Federal grants						
State-						
State revenue sharing	12,288	37,248		55,609		
Other				41,010		
Fees, charges, etc.					2,833	
Fines and forfeitures	139	14,532	118,484	7,698		8,807
Interest income				4,732	265	
Investment earnings	1,879	39,428		8,023		22,263
Other			560	6,495		
Total revenues	121,399	417,528	119,044	606,227	3,098	33,521
EXPENDITURES						
Current-						
General government -						
Judicial	118,239		170,635		6,071	
Public safety						
Health and welfare		351,204				123
Sanitation						
Culture and recreation				581,502		
Debt service:						
Principal						
Interest						
Capital outlay		15,248		86,785		268
Total expenditures	118,239	366,452	170,635	668,287	6,071	391

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds					
	Courthouse Maintenance	Health Unit Maintenance	Criminal Court	Library	Special Witness	Sales Tax Split 1%
Excess (deficiency) of revenues over expenditures	\$ 3,160	\$ 51,076	\$ (51,591)	\$ (62,060)	\$ (2,973)	\$ 33,130
OTHER FINANCING SOURCES(USES)						
Operating transfers in						(70,139)
Operating transfers(out)						(70,139)
Total other financing sources(uses)	-	-	-	-	-	
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	3,160	51,076	(51,591)	(62,060)	(2,973)	(37,009)
Fund balance, beginning	113,036	2,049,926	(114,489)	384,283	12,583	1,744,867
Fund balance, ending	\$ 116,196	\$ 2,101,002	\$ (166,080)	\$ 322,223	\$ 9,610	\$ 1,707,858

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Governor's Office of Rural Development	Office of Emergency Preparedness		General Obligation Bonds	Jail Bonds	Limited Tax Certificate of Indebtedness	Varnado Project LCDBG 2002	
REVENUES								
Taxes-								
Ad valorem			\$		112	\$		\$ 916,185
Sales tax								2,451
Intergovernmental -								
Federal-								
Federal grants							455,706	455,706
State-								
State revenue sharing								
Other	58,716	26,036						105,145
Fees, charges, etc.								125,762
Fines and forfeitures								2,833
Interest income		71						126,182
Investment earnings					8,358			28,546
Other		376						79,951
Total revenues	58,716	26,483		8,470			455,706	1,850,192
EXPENDITURES								
Current-								
General government -								
Judicial								294,945
Public safety								76,660
Health and welfare								351,204
Sanitation								123
Culture and recreation								581,502
Debt service:								
Principal						550,000		550,000
Interest						199,458		199,458
Capital outlay	68,288	27,545					455,706	653,840
Total expenditures	68,288	104,205		-		749,458	455,706	2,707,732

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds			Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Governor's Office of Rural Development	Office of Emergency Preparedness		General Obligation Bonds	Limited Tax Certificate of Indebtedness	Varnado Project LCDBG 2002	
Excess (deficiency) of revenues over expenditures	\$ (9,572)	\$ (77,722)	\$ 8,470	\$ (749,458)	\$ -	\$ -	\$ (857,540)
OTHER FINANCING SOURCES(USES)							
Operating transfers in		22,874		749,458			772,332
Operating transfers(out)							(70,139)
Total other financing sources(uses)	-	22,874	-	749,458		-	702,193
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(9,572)	(54,848)	8,470	-	-	-	(155,347)
Fund balance, beginning	9,572	54,848	135,049	-	-	-	4,389,675
Fund balance, ending	\$ -	\$ -	\$ 143,519	\$ -	\$ -	\$ -	\$ 4,234,328

(Concluded)

See accompanying auditor's report.

OTHER REPORTS

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Washington Parish Government
Franklinton, Louisiana

I have audited the primary government financial statements of Washington Parish Government as of and for the year ended December 31, 2004, and have issued my report thereon dated June 24, 2005, which was qualified for omission of one or more, but not all component units. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Washington Parish Government's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Parish Government's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that

might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving internal control over financial reporting and its operations that I consider to be material weaknesses.

This report is intended solely for the information of the Washington Parish Government's management and the office of the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Richard M. Seal". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Certified Public Accountant

Bogalusa, Louisiana
June 24, 2005

Reissued to reflect note number 26 to
the financial statements.
July 18, 2005

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Schedule of Findings
Year Ended December 31, 2004

I have audited the financial statements of Washington Parish Government as of and for the year ended December 31, 2004, and have issued my report thereon dated June 24, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses [☐] Yes [X] No Reportable Conditions [☐] Yes [X] No

Compliance

Compliance Material to Financial Statements [☐] Yes [X] No

Section II Financial Statements Findings

No matters reported.

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Schedule of Prior-Year Findings
For the Year Ended December 31, 2004

Section I Internal Control and Compliance Material to the Financial Statements	
<p>03-1 As part of Washington Parish Government's Road Maintenance and Rehabilitation Program, bids for Phase 1A were received on February 27, 2003. Bid specification contained a specific list of roads in the project, including the length and width of each road which established "the nature of the thing to be constructed". The contract was awarded to the lowest bidder for \$3,498,425, and work began on May 5, 2003.</p> <p>On June 9, 2003, a change order was executed for \$931,989 which added seven new roads to the contract ranging in distance from 0.2 miles to 3.7 miles for a total 14.6 miles.</p> <p>The change order exceeded \$100,000, and was outside the scope of the original contract because it "altered the nature of the thing to be constructed" by adding new roads to the existing contract. Bids should have been requested for the additional work.</p>	Resolved.
<p>03-2 Execution of the change order in 2003-1 above is also an instance of noncompliance with the Parish Transportation Act. The added roads were repaired out of sequence with the capital improvements program and not based on priority ranking.</p>	Resolved.
<p>03-3 The Parish Comptroller, prepares some checks, signs many checks, maintains the general ledger, <u>and</u> reconciles the bank statement.</p>	Resolved.
Section II Internal Control and Compliance Material to Federal Awards	
<p>03-4 The Enterprise Fund of Washington Parish Government as of December 31, 2003 shows a bad debt expense of \$911,033, which relates to a \$975,000 loan to Breedlove Farm, L.L.C. on October 18, 2002. The loan was made from the proceeds of a Federal grant. Apparently, there is no provision in any Federal program award regulation that would exclude this bad debt expense from being a questioned cost. The result is a questioned cost of the United States Department of Agriculture, Rural Business Enterprise Grant (RBEG) CFDA No. 10.769.</p>	Resolved.
Section III Management Letter	
<p>1. The deficit in this fund increased from \$76,820 on December 31, 2002 to \$114,489 on December 31, 2003.</p>	Beyond control of Washington Parish Government.

See accompanying auditor's report.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

To the Honorable M.E. "Toye" Taylor, Parish President
and the Members of the Parish Council
Franklinton, Louisiana

I have audited the primary government basic financial statements of the Washington Parish Government (Parish Government) as of and for the year ended December 31, 2004, and have issued my report therein dated June 24, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

As a result of my examination I have the following suggestion:

1. AUDIT COMPLETION

Observation:

During the audit the following situations developed that created a crisis to complete the audit timely:

- Auditor received general ledgers on April 19, 2005, 3 weeks late.
- Books for Choctaw Road Landfill had to be completely redone in May, 2005,
- Parish Government was not fully prepared for GASB 34 – accurate list of infrastructure for December 31, 2003 not received until June 18, 2005, six months late,
- The bank reconciliation for the Master Fund for December 31, 2004 had not been properly prepared, and
- The estimated closure and postclosure care costs for Choctaw Road Landfill (a joint venture) was not received until April, 2005, 3 months late.

Recommendation:

In an effort to eliminate this audit "crunch" for the 2005 audit, I recommend the following time schedule:

- 02/28/06 Provide the auditor with an accurate general ledger for Choctaw Road Landfill and the closure and postclosure costs estimate prepared the landfill engineer.
- 04/01/06 Provide the auditor with accurate general ledgers for all funds of Washington Parish Government, along with a detailed listing of capital assets owned as of December 31, 2005.

Management's Response:

Management agrees to furnish the auditor with accurate general ledgers for Choctaw Road Landfill along with the engineers calculation for closure and postclosure by 02/28/06.

Management agrees to furnish the auditor with accurate general ledgers for all other funds by 04/01/06 along with a detailed listing of capital assets.

Let me know if you want to discuss the suggestions or help implement the recommendations.



Certified Public Accountant

Bogalusa, Louisiana
June 24, 2005

Reissued to reflect note number 26 to
the financial statements.
July 18, 2005